

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY CORPORATION)	CASE NO.
FOR AN ADJUSTMENT OF RATES AND TARIFF)	2015-00343
MODIFICATIONS)	

ORDER

Atmos Energy Corporation (“Atmos”), a gas distribution company operating in eight states, serves roughly 3.0 million customers. Its Kentucky/Mid-States division, one of its six operating divisions, provides natural gas service in Kentucky, Tennessee, and Virginia. Atmos’s Kentucky unit (“Atmos-Ky.”) serves approximately 174,700 customers in central and western Kentucky. The most recent adjustment of Atmos-Ky.’s base rates was in April 2014 in Case No. 2013-00148.¹

BACKGROUND

On October 19, 2015, Atmos-Ky. filed a notice of intent to file an application for an increase in its base rates based on a forecasted test period. On November 23, 2015, Atmos-Ky. submitted its application seeking an increase in revenues of \$3.3 million, with a proposed effective date of December 23, 2015.

On December 4, 2015, Atmos-Ky. was notified by Commission letter that its application was found to be deficient. Atmos-Ky. ultimately cured its deficiencies and its application was considered filed as of January 15, 2016.²

¹ Case No. 2013-00148, *Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications* (Ky. PSC Apr. 22, 2014).

² With a January 15, 2016 filed date, the earliest that Atmos-Ky.’s proposed rates could become effective was February 14, 2016.

By Order dated February 2, 2016, we found that an investigation would be necessary to determine the reasonableness of Atmos-Ky.'s proposed rates and suspended them for six months, from February 14, 2016, up to and including August 13, 2016, pursuant to KRS 278.190(2). That Order included a procedural schedule for processing this case, which provided for discovery on Atmos-Ky.'s application, intervenor testimony, discovery on intervenor testimony, rebuttal testimony by Atmos-Ky., a public hearing, and an opportunity for the parties to file post-hearing briefs.

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("AG"), requested and was granted intervention. There are no other intervenors in this proceeding. Discovery was conducted on Atmos-Ky.'s application by the AG and Commission Staff ("Staff"). The AG filed testimony stating its position on the requested increase in rates on which discovery was conducted by Atmos-Ky. and Staff. The AG recommended that Atmos-Ky.'s annual revenues be reduced by approximately \$7.85 million.

An informal conference ("IC") requested by the AG was held on June 16, 2016, at the Commission's offices to discuss issues in, and possible settlement of, this case. No settlement was reached during the IC; however, Atmos-Ky. and the AG later reached agreement on settling the case, and on June 24, 2016, Atmos-Ky. submitted a Settlement Agreement, Stipulation, and Recommendation ("Settlement Agreement") described as a mutually satisfactory resolution of all issues in this proceeding. Under the Settlement Agreement, the parties agree that, among other things, Atmos-Ky. will receive a \$500,000 increase in annual revenues. The Settlement Agreement consists

of a six-page document and two exhibits: Exhibit 1, a summary of Atmos-Ky.'s new rates, and Exhibit 2, Atmos-Ky.'s new depreciation rates.

On June 27, 2016, Atmos-Ky. submitted testimony in support of the Settlement Agreement by Gary L. Smith, who had provided direct and rebuttal testimony earlier in the proceeding. Exhibits to that testimony included: (1) a summary of the new rates in more detail than was included in Exhibit 1 to the Settlement Agreement; (2) a proof of revenues showing that the settlement rates produce the agreed-upon revenue increase; and (3) revised tariffs reflecting the terms of the Settlement Agreement.

A public hearing was held on June 28, 2016, during which Atmos-Ky. presented Mr. Smith for cross-examination concerning the Settlement Agreement. Mr. Smith responded to cross-examination by Staff and questions from the Commission. Pursuant to the terms of the Settlement Agreement, the AG waived cross-examination of Atmos-Ky.'s witness, and neither party proposed filing post-hearing briefs.

SETTLEMENT AGREEMENT

The Settlement Agreement, attached as Appendix A to this Order, reflects a resolution of all the issues raised in this case. Prior to entering into the Settlement Agreement, Atmos-Ky. proposed a revenue increase of approximately \$3.0 million, while the AG proposed a \$7.85 million decrease.³ The Settlement Agreement contains the unanimous recommendation that Atmos-Ky.'s revenues be increased by \$500,000. The major provisions of the Settlement Agreement include the following:

³ In response to Staff' discovery and the AG's testimony, Atmos-Ky. reduced the amount of its stated revenue deficiency from \$3.3 million to \$3.0 million.

- Atmos-Ky.'s base rates will be increased to recover \$500,000 more in annual revenues, with the increase allocated to all rate classes, and the rates effective for service rendered on and after August 15, 2016.

- Atmos-Ky.'s proposed depreciation rates, as set out in Exhibit 2 to the Settlement Agreement, will be implemented.

- Atmos-Ky.'s Pipe Replacement Program ("PRP") rates will be set to \$0.00. For purposes of its PRP, Atmos-Ky.'s specified return on equity will be 9.8 percent as established in Case No. 2013-00148. It will use a 7.71 percent average cost of capital in its PRP rate calculations, which was also established in Case No. 2013-00148.

- Atmos-Ky.'s proposed changes to its transportation tariff cash-out mechanism and revision to its Economic Development Rider will be implemented.

- Atmos-Ky.'s proposed modification to its Weather Normalization Adjustment Rider will be implemented with a modification to use a 20-year data period for future rate filings to determine normal heating degree days.

- Atmos-Ky.'s income tax expense shall be deemed fully normalized and the Net Operating Loss Deferred Tax Asset deemed included in rate base for purposes of the Settlement Agreement. No finding should be made by the Commission on either party's position on this issue or the Private Letter Ruling received by Atmos-Ky. The parties reserve their right to argue their positions on these issues in future rate proceedings.

- Atmos-Ky. will file a lead-lag study in its next general rate case with all reasonable costs incurred in performing the study allowable for recovery as rate case expense in that rate case. If the Commission modifies the Settlement Agreement to

exclude the filing by Atmos-Ky. of a lead-lag study in its next general rate case, neither party will object to such modification and the remainder of the Settlement Agreement will remain in effect. Should Atmos-Ky. file a lead-lag study in its next case, it reserves the right to also file an alternative methodology. Neither Atmos-Ky. nor the Commission shall be bound by the lead-lag study or alternative methodology for determining cash working capital in the next rate case.

ANALYSIS AND FINDINGS

Based on a review of the Settlement Agreement, attachments thereto, and the entire case record, the Commission finds the Settlement Agreement to be reasonable and in the public interest. The Settlement Agreement was the product of arm's-length negotiations by knowledgeable, capable parties and should be approved. Such approval is based solely on the reasonableness of the Settlement Agreement in total and does not constitute a precedent on any individual issue.

IT IS THEREFORE ORDERED that:

1. The rates and charges proposed by Atmos-Ky. are denied.
2. The Settlement Agreement, attached hereto as Appendix A, is approved in its entirety.
3. The rates and charges in Appendix B to this Order are fair, just and reasonable for Atmos-Ky. to charge for service rendered on and after August 15, 2016.
4. Within 20 days of the date of this Order, Atmos-Ky. shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised tariffs as set forth in Exhibit GLS-S3 to the June 27, 2016 testimony of Gary Smith in support of the Settlement Agreement reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED
AUG 04 2016
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Stephanie Bell & TM
Executive Director

Case No. 2015-00343

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00343 DATED **AUG 04 2016**

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

APPLICATION OF ATMOS ENERGY)
CORPORATION FOR AN ADJUSTMENT) CASE NO. 2015-00343
OF RATES AND TARIFF ADJUSTMENTS)

SETTLEMENT AGREEMENT, STIPULATION, AND RECOMMENDATION

This Settlement Agreement, Stipulation, and Recommendation ("Settlement Agreement") is entered into this 24th day of June, 2016. It is the intent and purpose of the Parties to this proceeding, who are the applicant, Atmos Energy Corporation (Atmos), and the intervenor Attorney General of the Commonwealth of Kentucky (Attorney General) to express their agreement on a mutually satisfactory resolution of all of the issues in this proceeding, which shall be referred to as the "Settlement Agreement". The attached tariffs, depreciation schedules and revenue reconciliation have been agreed to by the parties and have been used as the basis for calculating the customer rates to be charged by Atmos for purposes of recovering the increase in annual revenues reflected in this Settlement Agreement.

WITNESSETH:

WHEREAS, on October 19, 2015, Atmos filed its notice of intent to file a general rate adjustment using a future test year. On November 23, 2015, Atmos filed its application for a rate adjustment.

WHEREAS, on November 18, 2016, the Attorney General's Office of Rate Intervention was granted intervention in the case.

WHEREAS, the parties and the Commission staff engaged in extensive discovery, which has been completed.

WHEREAS, a prehearing informal conference for the purpose of discussing settlement, attended by representatives of the Parties and the Commission Staff took place on June 16, 2016, at the offices of the Commission, during which a number of substantive issues were discussed, including potential settlement of all issues pending before the Commission in the rate proceedings;

WHEREAS, all of the Parties unanimously desire to settle all the issues pending before the Commission in the rate proceedings;

WHEREAS, the adoption of this Settlement Agreement as a fair, just, and reasonable disposition of the issues in this case will eliminate the need for the Commission and the Parties to expend significant resources litigating these rate proceedings and eliminate the possibility of and any need for rehearing or appeals of the Commission's final order;

WHEREAS, it is understood by all Parties that this Settlement Agreement is subject to the approval of the Commission, insofar as it constitutes an agreement by the Parties to the rate proceedings for settlement, but does not represent consent to or agreement on any specific claim, methodology, or theory supporting the appropriateness of any proposed or recommended adjustments proposed by either Party;

WHEREAS, the Parties have spent many hours over several days to reach the stipulations and agreements which form the basis of this Settlement Agreement;

WHEREAS, all of the Parties, who represent diverse interests and divergent viewpoints, agree that this Settlement Agreement, viewed in its entirety, is a fair, just, and reasonable resolution of all the issues in the rate proceedings; and

WHEREAS, the Parties believe sufficient data, information and materials on file with the Commission adequately support this Settlement Agreement and further believe the Commission should approve it;

NOW, THEREFORE, for and in consideration of the following stipulations and conditions, the Parties stipulate and agree as follows:

1. Atmos shall be permitted to adjust its rates to recover more in annual revenue than it is recovering under its current rates with such rates to be effective for service rendered on and after

August 15, 2016. The attached schedules reflect a stipulated amended annual rate increase amount of \$500,000 (five hundred thousand dollars). The attached tariff rates in Exhibit 1 allocate the \$500,000 to all service classes.

2. Atmos' proposed tariff revisions to the transportation tariff cash out mechanism is accepted. Atmos proposed tariff modification to the Economic Development Rider is accepted. Atmos proposed modification to its Weather Normalization Adjustment Rider (WNA) is accepted with a modification to use a twenty (20) year data period for future rate filings for determination of normal NOAA heating degree days.

3. Atmos' proposed depreciation rates are accepted. These rates are attached as Exhibit 2 to this Settlement Agreement.

4. Atmos' income tax expense shall be deemed fully normalized and the NOL Deferred Tax Asset ("DTA") shall be deemed included in rate base for purposes of this Settlement Agreement only. Atmos and the Attorney General request that the Commission make no finding or conclusion that either Parties' positions on the matter are correct or that the Private Letter Ruling is correct or incorrect. The Parties specifically reserve the right to argue their positions on these issues in future rate case proceedings.

5. For the purpose of Atmos' Pipeline Replacement Program filings until the next general rate application, the return on equity, capital structure and cost of debt shall remain as stated in Case No. 2013-00148.

6. Atmos agrees to the Attorney General's condition of filing a lead/lag study in its next general rate case. All reasonably incurred costs associated with performing and conducting the study will be recoverable as an allowable rate case expense in that case. The Parties agree that if the Commission determines that a lead/lag study is not a reasonable condition for this settlement or for any reason finds that such a study should not be included in Atmos's application in its next rate case and modifies this Settlement Agreement to exclude the filing of a lead/lag study by Atmos in the next general rate case, neither party will object to that modification and the remainder of the Settlement Agreement shall remain in effect. Should Atmos file a lead/lag study pursuant to this provision,

the company reserves its right to file an alternative methodology as well. Neither Atmos nor the Commission shall be bound by either the additional methodology or the lead/lag study for determining cash working capital in the next rate case.

7. Except as specifically stated otherwise in this Settlement Agreement, entering into this Settlement Agreement shall not be deemed in any respect to constitute an admission by any of the Parties that any computation, formula, allegation, assertion or contention made by any other party in these rate proceedings is true or valid.

8. The Parties agree that this Settlement Agreement represents a fair, just, and reasonable resolution of all of the issues specifically mentioned as well as any others not specifically mentioned and request the Commission to approve the Settlement Agreement.

9. Following the execution of this Settlement Agreement, the Parties shall cause the Settlement Agreement to be filed with the Commission no later than June 28, 2016, together with a request to the Commission for consideration and approval of this Settlement Agreement for rates to become effective for service rendered on and after the date of the final order. Each Party shall use its best efforts to obtain approval of the Settlement Agreement.

10. Each of the Parties waives all cross-examination of the other Parties' witnesses unless the Commission disapproves this Settlement Agreement and each party further stipulates and recommends that the Notice of Intent, Notice, Application, testimony, pleadings, and responses to data requests filed in the rate proceedings be admitted into the record. The Parties stipulate that after the date of this Settlement Agreement they will not otherwise contest the Settlement Agreement and that they will refrain from cross-examination of witnesses during the hearing, except insofar as such cross-examination is in support of the Settlement Agreement.

11. This Settlement Agreement is subject to the acceptance of and approval by the Commission. The Parties agree to act in good faith and to use their best efforts to recommend to the Commission that this Settlement Agreement be accepted and approved.

12. If the Commission issues an order adopting this Settlement Agreement in its entirety and without additional conditions, except as relates to the lead lag study referenced in

paragraph 6 above, each of the Parties agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin Circuit Court with respect to such order.

13. If the Commission does not accept and approve this Settlement Agreement in its entirety, except as relates to the lead lag study referenced in paragraph 6 above, then: (a) upon written notice by any Party this Settlement Agreement shall be void and withdrawn by the Parties from further consideration by the Commission and none of the Parties shall be bound by any of its provisions, provided that none of the Parties is precluded from advocating any position contained in this Settlement Agreement; (b) any of the Parties may request a hearing on any or all of the issues in the Proceedings; and (c) neither the terms of this Settlement Agreement, nor any matters raised during the settlement negotiations shall be binding on any of the Parties or be construed against any of the Parties.

14. If the Settlement Agreement is voided or vacated for any reason after the Commission has approved the Settlement Agreement, none of the Parties will be bound by the Settlement Agreement.

15. The Settlement Agreement shall not be deemed to divest the Commission of jurisdiction under Chapter 278 of the Kentucky Revised Statutes.

16. The Settlement Agreement shall inure to the benefit of and be binding upon the Parties and their successors and assigns.

17. The Settlement Agreement constitutes the complete agreement and understanding among the Parties and any and all oral statements, representations or agreements made prior hereto or contemporaneously herewith shall be null and void and shall be deemed to have been merged into the Settlement Agreement.

18. The Parties agree for the purpose of the Settlement Agreement only that the terms are based upon the independent analysis of the Parties to reflect a fair, just, and reasonable resolution of the issues herein and are the product of compromise and negotiation.

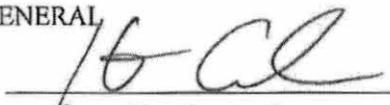
19. The Parties agree that neither the Settlement Agreement nor any of the terms shall be admissible in any court or commission except insofar as such court or commission is addressing litigation arising out of the implementation of its terms or the approval of this Settlement Agreement. This Settlement Agreement shall not have any precedential value in this or any other jurisdiction.

20. The signatories warrant that they have appropriately informed, advised, and consulted their respective Parties in regard to the contents and significance of this Settlement Agreement and based upon the foregoing are authorized to execute this Settlement Agreement on behalf of their respective Parties.

21. This Settlement Agreement is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceedings, nor is it to be offered or relied upon in any other proceeding involving Atmos or any other utility.

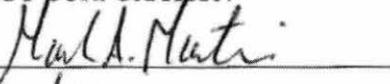
22. The Parties agree that this Settlement Agreement is a product of negotiation among all Parties and no provision of this Settlement Agreement shall be strictly construed in favor of or against any party. Notwithstanding anything contained in the Settlement Agreement, the Parties recognize and agree that the effects, if any, of any future events upon the operating income of Atmos are unknown and this Settlement Agreement shall be implemented as written.

ATTORNEY GENERAL

AGREED TO: 

DATE: 6-24-16

ATMOS ENERGY CORPORATION

AGREED TO: 

DATE: 6/24/16

ATMOS ENERGY CORPORATION - KENTUCKY
SUMMARY OF RATES
TEST YEAR ENDING MAY, 31 2017

Exhibit 1

Line No.	Billing Component	Applicable Tariffs	Current Rate*		Proposed Rate	
			(c)	(d)	(a)	(b)
1	CUSTOMER CHARGES, \$/month					
2	Firm Services - Residential**	G-1	\$18.65	\$17.50		
3	Firm Services - Non-Residential	G-1	48.44	44.50		
4	Interruptible Sales	G-2	395.56	375.00		
5	Firm Transportation	T-4	390.12	375.00		
6	Interruptible Transportation	T-3	388.79	375.00		
7						
8	DISTRIBUTION CHARGES, \$/Mcf					
9	Firm Sales	G-1				
10	1-300 Mcf		\$ 1.3180	\$ 1.5340		
11	301-15000 Mcf		0.8800	0.9500		
12	Over 15000		0.6200	0.7400		
13	Firm Transportation	T-4				
14	1-300 Mcf		\$ 1.4401	\$ 1.5340		
15	301-15000 Mcf		0.9615	0.9500		
16	Over 15000		0.6774	0.7400		
17	Interruptible Sales	G-2				
18	1-15000 Mcf		\$ 0.8077	\$ 0.8500		
19	Over 15000		0.5419	0.6405		
20	Interruptible Transportation	T-3				
21	1-15000 Mcf		\$ 0.8770	\$ 0.8500		
22	Over 15000		0.5884	0.6405		
23						
24	OTHER CHARGES					
25	Transp. Adm. Fee, \$/Mcf	T-2, T-3, T-4	\$ 50.00	\$ 50.00		
26	Parking, \$/Mcf	T-4, T-3	0.10	0.10		
27						
28						
29						
30	SERVICE CHARGES					
31	Meter Set		\$ 34.00	\$ 44.00	\$ 34.00	\$ 44.00
32	Turn On		23.00	28.00	23.00	28.00
33	Read		12.00	14.00	12.00	14.00
34	Reconnect Delinquent Service		39.00	47.00	39.00	47.00
35	Seasonal Charge		65.00	73.00	65.00	73.00
36	Special Meter Reading Charge		-	N/A	-	N/A
37	Meter Test Charge		20.00	N/A	20.00	N/A
38	Returned Check Charge		25.00	N/A	25.00	N/A
39	Class 1 EFM Equipment Charge		75.00	N/A	75.00	N/A
40	Class 2 EFM Equipment Charge		175.00	N/A	175.00	N/A
41	Late Payment Charge		5.0%	5.0%	5.0%	5.0%

*Current Rates includes all current PRP charges

**Average Residential Monthly Bill will increase approximately 0.1%, or \$0.05 from \$51.13 to \$51.18 based on average monthly usage of 5.5 Mcf

Atmos Energy Corporation
 2016 Kentucky Rate Case Filing
 Depreciation Rates and Parameters
 Kentucky Direct Property

Account	Account Description	Depreciation Rate	ASL	Iowa Curve	Salvage	Cost of Removal	Net Salvage
<u>Intangible Plant</u>							
30100	Organization Grp	0.00%					NON-DEPRECIABLE
30200	Franch & Consent Grp	0.00%					NON-DEPRECIABLE
<u>Storage Plant</u>							
35010	Land	0.00%					NON-DEPRECIABLE
35020	Rights-Of-Way	0.25%	70.0	R5	0.0%	0.0%	0.0%
35100	Structures And Improv	1.67%	60.0	R5	0.0%	5.0%	-5.0%
35102	Compressor Station Eq	1.26%	60.0	R5	0.0%	5.0%	-5.0%
35103	Measuring And Reg. St	0.92%	60.0	R5	0.0%	5.0%	-5.0%
35104	Other Structures	1.30%	60.0	R5	0.0%	5.0%	-5.0%
35200	Rights Of Way	1.93%	67.0	S5	0.0%	30.0%	-30.0%
35201	Well Construction	1.51%	67.0	S5	0.0%	30.0%	-30.0%
35202	Well Equipment	0.93%	67.0	S5	0.0%	30.0%	-30.0%
35203	Cushion Gas Grp	1.80%	50.0	SQ	0.0%	0.0%	0.0%
35210	Storage Leaseholds An	0.35%	67.0	S5	0.0%	0.0%	0.0%
35211	Storage Rights	0.88%	67.0	S5	0.0%	0.0%	0.0%
35301	Storage Field Lines	0.81%	60.0	S1	0.0%	5.0%	-5.0%
35302	Storage Tributary Lin	0.81%	60.0	S1	0.0%	5.0%	-5.0%
35400	Compressor Station Eq	1.80%	54.0	R3	0.0%	0.0%	0.0%
35500	Measuring and Regulat	0.51%	46.0	R5	0.0%	4.0%	-4.0%
35600	Purification Equipmen	2.05%	46.0	R5	0.0%	3.0%	-3.0%
<u>Transmission Plant</u>							
36510	Land & Land Rights	0.00%					NON-DEPRECIABLE
36520	Rights-Of-Way	1.33%	70.0	R5	0.0%	0.0%	0.0%
36602	Meas. & Reg. Sta. Str	1.78%	53.0	R4	0.0%	6.0%	-6.0%
36603	Other Structures	1.78%	53.0	R4	0.0%	6.0%	-6.0%
36700	Mains - Cathodic Prot	5.00%	20.0	SQ	0.0%	0.0%	0.0%
36701	Mains - Steel	1.89%	57.0	R4	0.0%	20.0%	-20.0%
36900	Measuring And Reg. St	2.14%	49.0	R1.5	0.0%	19.0%	-19.0%
36901	Measuring And Reg. St	2.14%	49.0	R1.5	0.0%	19.0%	-19.0%

Atmos Energy Corporation
 2016 Kentucky Rate Case Filing
 Depreciation Rates and Parameters
 Kentucky Direct Property

Account	Account Description	Depreciation Rate	ASL	lowa Curve	Salvage	Cost of Removal	Net Salvage
Distribution Plant							
37400	Land & Land Right Grp	0.00%					NON-DEPRECIABLE
37401	Land	0.00%					NON-DEPRECIABLE
37402	Land Rights	1.46%	70.0	R5	0.0%	0.0%	0.0%
37403	Land Other	0.00%					NON-DEPRECIABLE
37500	Structures & Improvem	2.06%	57.0	R2.5	0.0%	10.0%	-10.0%
37501	Struct. & Improv. - T	2.06%	57.0	R2.5	0.0%	10.0%	-10.0%
37502	Land Rights	2.06%	57.0	R2.5	0.0%	10.0%	-10.0%
37503	Improvements	2.06%	57.0	R2.5	0.0%	10.0%	-10.0%
37600	Mains - Cathodic Prot	5.00%	20.0	SQ	0.0%	0.0%	0.0%
37601	Mains - Steel	2.09%	55.0	R3	0.0%	5.0%	-5.0%
37602	Mains - Plastic	2.09%	55.0	R3	0.0%	5.0%	-5.0%
37800	Meas. And Reg. Sta. E	2.89%	49.0	R1.5	0.0%	19.0%	-19.0%
37900	Meas & Reg Station Eq	2.86%	49.0	R1.5	0.0%	19.0%	-19.0%
37905	Meas & Reg Sta Eq - C	2.86%	49.0	R1.5	0.0%	19.0%	-19.0%
38000	Services	3.47%	40.0	R1.5	0.0%	20.0%	-20.0%
38100	Meters	8.30%	20.0	R0.5	0.0%	50.0%	-50.0%
38200	Meter Installations	4.13%	42.0	R1.5	0.0%	50.0%	-50.0%
38300	House Regulators	3.14%	31.0	S6	0.0%	0.0%	0.0%
38400	House Regulator Insta	2.35%	42.0	R1.5	0.0%	0.0%	0.0%
38500	Industrial Measuring	2.71%	42.0	L5	0.0%	12.0%	-12.0%
General Plant							
38900	Land & Land Rights	0.00%					
39000	Structure & Improv	3.76%	40.0	R2	0.0%	10.0%	-10.0%
39002	Structure-Brick Grp	3.76%	40.0	R2	0.0%	10.0%	-10.0%
39003	Improvements Grp	3.76%	40.0	R2	0.0%	10.0%	-10.0%
39004	Air Condition Eq Grp	3.76%	40.0	R2	0.0%	10.0%	-10.0%
39009	Imprvment-Leased Grp	18.71%	20.0	R3	0.0%	0.0%	0.0%
39100	Office Furniture And	6.67%	15.0	SQ	0.0%	0.0%	0.0%
39103	Office Machines	6.67%	15.0	SQ	0.0%	0.0%	0.0%
39200	Transp Equip-Group	15.14%	8.0	L5	10.0%	0.0%	10.0%
39202	Wkg Trailers - Group	9.95%	20.0	L3	14.0%	0.0%	14.0%
39400	Tools Shop And Garage	6.25%	16.0	SQ	0.0%	0.0%	0.0%
39603	Ditchers - Group	19.47%	14.0	S4	8.0%	0.0%	8.0%
39604	Backhoes - Group	19.47%	14.0	S4	8.0%	0.0%	8.0%
39605	Welders - Group	19.47%	14.0	S4	8.0%	0.0%	8.0%
39700	Communication Equipme	6.67%	15.0	SQ	0.0%	0.0%	0.0%
39701	Communication Equip.	6.67%	15.0	SQ	0.0%	0.0%	0.0%
39702	Communication Equip.	6.67%	15.0	SQ	0.0%	0.0%	0.0%
39800	Miscellaneous Equipme	5.00%	20.0	SQ	0.0%	0.0%	0.0%
39901	Servers Hardware	10.00%	10.0	SQ	0.0%	0.0%	0.0%
39902	Servers Software	14.29%	7.0	SQ	0.0%	0.0%	0.0%
39903	Network Hardware	10.00%	10.0	SQ	0.0%	0.0%	0.0%
39906	Pc Hardware	20.00%	5.0	SQ	0.0%	0.0%	0.0%
39907	Pc Software	14.29%	7.0	SQ	0.0%	0.0%	0.0%
39908	Application Software	6.67%	15.0	SQ	0.0%	0.0%	0.0%

Atmos Energy Corporation
 2016 Kentucky Rate Case Filing
 Depreciation Rates and Parameters
 KY Mid-States General Office

Account	Account Description	Depreciation Rate	ASL	Iowa Curve	Salvage	Cost of Removal	Net Salvage
<u>Intangible Plant</u>							
30100	Organization Grp	0.00%			NON-DEPRECIABLE		
30300	Intangibles Grp	0.00%			NON-DEPRECIABLE		
<u>General Plant</u>							
39001	Struc - Frame Grp	2.68%	40.0	R2	0.0%	10.0%	-10.0%
39004	Air Condit Equip Grp	7.33%	15.0	R2	0.0%	10.0%	-10.0%
39009	Improve - Leased Grp	5.00%	20.0	R3	0.0%	0.0%	0.0%
39100	Office Furniture And	5.00%	20.0	R3	0.0%	0.0%	0.0%
39101	Office Furniture And	5.00%	20.0	R3	0.0%	0.0%	0.0%
39103	Office Machines	5.00%	20.0	R3	0.0%	0.0%	0.0%
39200	Transp Equip- Group	6.67%	15.0	L3	0.0%	0.0%	0.0%
39300	Stores Equipment	8.10%	9.0	S2	0.0%	0.0%	0.0%
39400	Tools Shop And Garage	3.40%	15.0	R3	0.0%	0.0%	0.0%
39600	Power Op Equip-Group	4.36%	15.0	L3	0.0%	0.0%	0.0%
39700	Communication Equipme	3.13%	15.0	R4	0.0%	0.0%	0.0%
39701	Communication Equip.	3.13%	15.0	R4	0.0%	0.0%	0.0%
39702	Communication Equip.	3.13%	15.0	R4	0.0%	0.0%	0.0%
39800	Miscellaneous Equipme	3.47%	20.0	R2.5	0.0%	0.0%	0.0%
39900	Other Tangible Equip	10.00%	10.0	SQ	0.0%	0.0%	0.0%
39901	Servers Hardware	6.30%	10.0	SQ	0.0%	0.0%	0.0%
39902	Servers Software	14.29%	7.0	SQ	0.0%	0.0%	0.0%
39903	Network Hardware	10.00%	10.0	SQ	0.0%	0.0%	0.0%
39906	Pc Hardware	4.37%	7.0	R2	0.0%	0.0%	0.0%
39907	Pc Software	11.11%	9.0	R1.5	0.0%	0.0%	0.0%
39908	Application Software	0.17%	12.0	R2.5	0.0%	0.0%	0.0%

Atmos Energy Corporation
 2016 Kentucky Rate Case Filing
 Depreciation Rates and Parameters
 Shared Services Unit

Account	Account Description	Depreciation Rate	ASL	Iowa Curve	Salvage	Cost of Removal	Net Salvage
<u>General Office</u>							
39000	Structure & Improv	3.01%	40.0	R2	0.0%	0.0%	0.0%
39009	Improvements - Leased	3.25%	20.0	R4	0.0%	0.0%	0.0%
39100	Office Furniture And	3.96%	22.0	L4	0.0%	0.0%	0.0%
39101	Office Furniture And	3.96%	22.0	L4	0.0%	0.0%	0.0%
39102	Remittance Processing	3.96%	22.0	L4	0.0%	0.0%	0.0%
39103	Office Machines	3.96%	22.0	L4	0.0%	0.0%	0.0%
39200	Transportation Equipm	8.34%	10.0	L2	10.0%	0.0%	10.0%
39400	Tools Shop And Garage	8.37%	11.0	S6	0.0%	0.0%	0.0%
39500	Laboratory Equipment	10.05%	10.0	R2	0.0%	0.0%	0.0%
39700	Communication Equipme	5.85%	15.0	R5	0.0%	0.0%	0.0%
39800	Miscellaneous Equipme	5.29%	15.0	S3	0.0%	0.0%	0.0%
39809	Inserter	5.29%	15.0	S3	0.0%	0.0%	0.0%
39900	Other Tangible Equipm	13.06%	7.0	R5	0.0%	0.0%	0.0%
39901	Servers-Hardware	9.48%	9.0	R4	0.0%	0.0%	0.0%
39902	Servers-Software	8.93%	9.0	S5	0.0%	0.0%	0.0%
39903	Network Hardware	6.99%	10.0	SQ	0.0%	0.0%	0.0%
39906	Pc Hardware	10.49%	6.0	S3	0.0%	0.0%	0.0%
39907	Pc Software	6.63%	10.0	R3	0.0%	0.0%	0.0%
39908	Application Software	6.52%	15.0	L1.5	0.0%	0.0%	0.0%
<u>Greenville Data Center</u>							
39005	Structure & Improv	3.01%	40.0	R2	0.0%	0.0%	0.0%
39104	Office Furn. & Equip	3.96%	22.0	L4	0.0%	0.0%	0.0%

Atmos Energy Corporation
 2016 Kentucky Rate Case Filing
 Depreciation Rates and Parameters
 Shared Services Unit

Account	Account Description	Depreciation Rate	ASL	Iowa Curve	Salvage	Cost of Removal	Net Salvage
<u>Customer Support</u>							
38900	Land	0.00%			NON-DEPRECIABLE		
39000	Structure & Improv	3.01%	40.0	R2	0.0%	0.0%	0.0%
39009	Improvements - Leased	3.25%	20.0	R4	0.0%	0.0%	0.0%
39100	Office Furniture And	3.96%	22.0	L4	0.0%	0.0%	0.0%
39101	Office Furniture And	3.96%	22.0	L4	0.0%	0.0%	0.0%
39102	Remittance Processing	3.96%	22.0	L4	0.0%	0.0%	0.0%
39103	Office Machines	3.96%	22.0	L4	0.0%	0.0%	0.0%
39700	Communication Equipme	5.85%	15.0	R5	0.0%	0.0%	0.0%
39800	Miscellaneous Equipme	5.29%	15.0	S3	0.0%	0.0%	0.0%
39900	Other Tangible Equipm	13.06%	7.0	R5	0.0%	0.0%	0.0%
39901	Servers-Hardware	9.48%	9.0	R4	0.0%	0.0%	0.0%
39902	Servers-Software	8.93%	8.0	S5	0.0%	0.0%	0.0%
39903	Network Hardware	6.99%	10.0	SQ	0.0%	0.0%	0.0%
39906	Pc Hardware	10.49%	6.0	S3	0.0%	0.0%	0.0%
39907	Pc Software	6.63%	10.0	R3	0.0%	0.0%	0.0%
39908	Application Software	6.52%	15.0	L1.5	0.0%	0.0%	0.0%
<u>Charles K. Vaughn Center</u>							
38910	CKV Land&Land Rights	0.00%			NON-DEPRECIABLE		
39010	CKV-Struct & Improv	3.01%	40.0	R2	0.0%	0.0%	0.0%
39710	CKV-Commun Equip	5.85%	15.0	R5	0.0%	0.0%	0.0%
39910	CKV-Other Tang Equip	13.06%	7.0	R5	0.0%	0.0%	0.0%
39916	CKV-Pc Hardware	10.49%	6.0	S3	0.0%	0.0%	0.0%
39917	CKV-Pc Software	6.63%	10.0	R3	0.0%	0.0%	0.0%

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00343 DATED **AUG 04 2016**

The following rates and charges are prescribed for the customers served by Atmos Energy Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATE G-1
GENERAL FIRM SALES SERVICE

Base Charge

\$17.50 per meter per month for residential service
\$44.50 per meter per month for non-residential service

Distribution Charge

First	300 Mcf	\$ 1.5340 per Mcf
Next	14,700 Mcf	\$.9500 per Mcf
Over	15,000 Mcf	\$.7400 per Mcf

RATE G-2
INTERRUPTIBLE SALES SERVICE

Base Charge

\$375.00 per delivery point per month

Distribution Charge

First	15,000 Mcf	\$.8500 per Mcf
Over	15,000 Mcf	\$.6405 per Mcf

RATE T-3
INTERRUPTIBLE TRANSPORTATION SERVICE

Base Charge

\$375.00 per delivery point per month

Distribution Charge for Interruptible Service

First	15,000 Mcf	\$.8500 per Mcf
Over	15,000 Mcf	\$.6405 per Mcf

RATE T-4
FIRM TRANSPORTATION SERVICE

Base Charge

\$375.00 per delivery point per month

Distribution Charge for Firm Service

First	300 Mcf	\$ 1.5340 per Mcf
Next	14,700 Mcf	\$.9500 per Mcf
Over	15,000 Mcf	\$.7400 per Mcf

PIPELINE REPLACEMENT PROGRAM RIDER

	Monthly Customer Charge		Distribution Charge per Mcf
Rate G-1 (Residential)	\$ 0.00		\$0.00
Rate G-1 (Non-Residential)	\$ 0.00		\$0.00
Rate G-2	\$ 00.00	1-15,000 Mcf	\$0.0000
		Over 15,000 Mcf	\$0.0000
Rate T-3	\$00.00	1-15,000 Mcf	\$0.0000
		Over 15,000 Mcf	\$0.0000
Rate T-4	\$00.00	1-300 Mcf	\$0.0000
		301-15,000 Mcf	\$0.0000
		Over 15,000 Mcf	\$0.0000

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